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Withhold Account Holders and Other Transferees*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

CELSIUS NETWORK LLC, *et al.*¹,

Debtors.

Chapter 11

Case No. 22-10964 (MG)

(Jointly Administered)

**Objection Deadline: February 8, 2023 at 4:00 p.m.
Hearing: February 15, 2023 at 10:00 a.m.**

**OBJECTION OF THE AD HOC GROUP OF WITHHOLD ACCOUNT HOLDERS
AND OTHER TRANSFEREES TO THE DEBTORS' SECOND MOTION
FOR ENTRY OF AN ORDER (I) EXTENDING THE DEBTORS' EXCLUSIVE
PERIODS TO FILE A CHAPTER 11 PLAN AND SOLICIT ACCEPTANCES
THEREOF PURSUANT TO SECTION 1121 OF THE BANKRUPTCY CODE
AND (II) GRANTING RELATED RELIEF**

The Ad Hoc Group of Withhold Account Holders and Other Transferees (the “Ad Hoc Group”), through its undersigned counsel, submits this objection to the second motion of the above-captioned debtors-in-possession (the “Debtors”) for entry of an order further extending the exclusive periods during which only the Debtors may file and solicit acceptances of a chapter 11 plan (the “Second Exclusivity Motion”) [Docket No. 1940], and respectfully states as follows:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC’s principal place of business and the Debtors’ service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030.

The Ad Hoc Group opposes any further extension of the Debtors' exclusive periods to file a plan or solicit acceptances thereof. The Debtors have been chasing their tails in these cases for six months. The Debtors' professionals have burned through tens of millions of dollars' of customers' hard-earned savings trapped on the Debtors' platform, yet we seem to be no closer to an exit than we were when the Debtors first sought to extend their exclusive control over these cases three months ago. There is not so much as a plan term sheet on file. We have heard nothing but vague descriptions of some kind of "recovery corporation"—effectively, a hedge fund into which customers would be forced to contribute all of their cryptocurrency in exchange for some regulatorily-questionable tokenized security. And that Ad Hoc Group understands that that proposal may no longer be a viable path in any event.

The Debtors' lengthy and expensive sale process was a bust, generating no value for customers. The Examiner's report has come out and made clear that, no matter how bad we might have thought Celsius was, it was even worse, casting serious doubt on prospects for reorganization in any form.² Debtors' current management has failed to put forward a viable plan or, indeed, any plan at all.

Enough is enough.

It is time to allow the Debtors' customers to propose their own plan for the assets that they were defrauded into investing with Celsius. The Debtors' exclusive right to control these cases must give way to the rights of the Debtors' customers. The Court should deny the Debtors' motion and modify exclusivity to permit the Official Committee of Unsecured

² Indeed, the Examiner's report raises the legitimate question whether the Court ought not only to decline to extend the Debtors' stranglehold over these cases, but should replace the Debtors' existing management with a Chapter 11 trustee.

Creditors, the Ad Hoc Group, or any other ad hoc committee in these cases to file and solicit acceptances of a plan of reorganization or liquidation.

The Ad Hoc Group further adopts and incorporates by reference the arguments raised by any other party in an objection to the Debtors' Second Exclusivity Motion, except to the extent that such party seeks to exclude the Ad Hoc Group from proposing its own plan.

WHEREFORE, the Ad Hoc Group respectfully requests that this Court enter an order (i) modifying exclusivity from February 15, 2023 through and including March 31, 2023 to permit the Committee, the Ad Hoc Group, or any other ad hoc committee in these cases to propose a plan, with the exclusive time to solicit such plan(s) extended 60 days from filing; and (ii) granting such other relief as the Court deems appropriate.

Respectfully submitted,

Dated: February 8, 2023
New York, New York

/s/ Deborah Kovsky-Apap
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